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SK 38

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To: Burger, David
Subject: RE: U.S., Intl. Press: Secretary Rice Visit, other Macedonia-related issues

RELEASED IN FULL

From: Orlansky, Michael D
Sent: Wednesday, December 07, 2005 9:28 AM
To: Milovanovic, Gillian A; Wohlers, Paul; Hubler, Stephen A; Latham, Michael E; Clark, Jeanne L
Cc: Oakley, Carol V
Subject: U.S., Intl. Press: Secretary Rice Visit, other Macedonia-related issues

Among the stories highlighting detainee issues are items below from the New York Times (stories, editorial), Financial Times, BBC, CNN and Wall Street Journal. Following those items are two stories from yesterday's press on other issues of regional interest: Washington Times' "Embassy Row" item on name issue; Financial Times piece on trade issues.

Mike

The New York Times

December 7, 2005

Skepticism Seems to Erode Europeans' Faith in Rice

By RICHARD BERNSTEIN

BERLIN, Dec. 6 - Secretary of State Condoleezza Rice did what was expected, many people in Europe said Tuesday, after her meetings with Chancellor Angela Merkel and other German officials. She gave reassurances that the United States would not tolerate torture and, while not admitting mistakes, promised to correct any that had been made.

She accompanied that with an impassioned argument for aggressive intelligence gathering, within the law, as an indispensable means of saving lives endangered by an unusually dangerous and unscrupulous foe.

Did anybody believe her on this continent, aroused as rarely before by a raft of reports about secret prisons, C.I.A. flights, allegations of torture and of "renditions," or transfers, of prisoners to third countries so they can be tortured there?

"Yes, I did," Karl-Theodor zu Guttenberg, a conservative member of the German Parliament, said in a telephone interview on Tuesday. "The thing I believe is that the United States does obey international law, and Mrs. Merkel said that she believes it too."

Not everybody here is of that view, to say the least. Indeed, it would be hard to imagine a more sudden and thorough tarnishing of the Bush administration's credibility than the one taking place here right now. There have been too many reports in the news media about renditions - including one involving an Lebanese-born German citizen, Khaled el- Masri, kidnapped in Macedonia in December 2003 and imprisoned in Afghanistan for several months on the mistaken assumption that he was an associate of the Sept. 11 hijackers - for blanket disclaimers of torture to be widely believed.

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"I think what she means is, 'We don't use it as an official way to do things, but we don't look at what is done in other countries,' " Monika Griefahn, a Social Democratic member of Parliament, said in regard to Ms. Rice's comment on torture. "And that's the problem for us."

Ms. Griefahn also expressed skepticism about Ms. Rice's assurance that where mistakes are made - presumably in Mr. Masri's case - the United States will do everything in its power to rectify them. Indeed, Bush administration officials said nothing about rectifying mistakes before reports of Mr. Masri's kidnapping.

"I don't believe they wanted to do anything to rectify the al-Masri case," Ms. Griefahn said.

In Britain, members of Parliament from both parties reacted with even greater skepticism to Ms. Rice's statement, saying it had neither answered their questions nor allayed their concerns about American policy.

"It's clear that the text of the speech was drafted by lawyers with the intention of misleading an audience," Andrew Tyrie, a Conservative member of Parliament, said in an interview. Mr. Tyrie is chairman of a recently formed nonpartisan committee that plans to investigate claims that the British government has tacitly condoned torture by allowing the United States to use its airspace to transport terrorist suspects to countries where they are subsequently tortured.

Parsing through the speech, Mr. Tyrie pointed out example after example where, he said, Ms. Rice was using surgically precise language to obfuscate and distract. By asserting, for instance, that the United States does not send suspects to countries where they "will be" tortured, Ms. Rice is protecting herself, Mr. Tyrie said, leaving open the possibility that they "may be" tortured in those countries.

Others pointed out that the Bush administration's definition of torture did not include practices like waterboarding - in which prisoners are strapped to a board and made to believe they are about to be drowned - that violate provisions of the international Convention Against Torture.

Andrew Mullin, a Labor member of Parliament, said he had found Ms. Rice's assertions "wholly incredible." He agreed with Mr. Tyrie that Ms. Rice's statement had been "carefully lawyered," adding: "It is a matter of record that people have been kidnapped and have been handed over to people who have tortured them. I think their experience has to be matched against the particular form of language the secretary of state is using."

To a great extent, the latest trans-Atlantic brouhaha reflects a very real division between Europe and the United States, reminiscent of the arguments that took place over the Iraq war two years ago. In the view of the Bush administration and its supporters, the Europeans' moral fastidiousness reflects a lack of realism about the nature of the terrorist threat and what needs to be done to defeat it.

The view of Europeans, by contrast, is that they understand the terrorist threat perfectly well, but that the Bush administration's flouting of democratic standards and international law incites more terrorism, not less.

"I resent the fact that my country is foolishly being led into a misguided approach into combating terrorism by this administration," Mr. Tyrie said. "European countries have a far greater experience over many decades dealing with terrorism, and many of us have learned the hard way that dealing in a muscular way can often inflame the very terrorism you're trying to suppress."

In Mr. zu Guttenberg's view, the reports filling both the German and American news media these days and fostering a surge of renewed indignation against the Bush administration are based on unproved allegations and rumors that have been transformed into established fact.

"What's important is that the balance between democratic principles and secret services needs to be maintained," Mr. zu Guttenberg said. "I take it as a reaching out of the hand when she says mistakes have happened and we have to rectify them."

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To some Americans at least, the way the charges about secret prisons and C.I.A. flights have gained currency illustrates the readiness of many Europeans always to believe the worst about the United States.

More than one commentator over the last few days has referred to the secret prisons as a Gulag Archipelago, even though Romania and Poland, the countries where the prisons are said to be situated, have denied their existence. Moreover, their total prison population would be at most a few dozen - compared with the hundreds of thousands that were confined in Stalin's real Gulag Archipelago.

The Bush administration's treatment of imprisoned suspected terrorists, coupled with the problems the United States continues to encounter in Iraq and Vice President Dick Cheney's resistance to Congressional curbs on the handling of prisoners, has not made Ms. Rice's job of persuasion any easier.

"The Europeans lack of realism is a big problem, but I'm also frustrated with the inability of the United States to behave like a successful big power," said John Kornblum, a former American ambassador to Germany and now director of the investment bank Lazard Frères in Germany.

He added that "the Europeans do have this propensity" to put the worst possible interpretation on American actions, "but unfortunately, we have given credibility to that sort of behavior."

To some extent, the comment by Ms. Rice that seems to have had the most effect in Europe was her statement made in Washington on Monday that many governments have cooperated with the United States on intelligence gathering.

That remark did not so much reassure European commentators that the United States was abiding by international treaties as it has led them to accuse their own governments of hypocrisy, silently acquiescing in American practices while publicly criticizing them.

"If the European services knew," the Italian daily La Repubblica said Tuesday, referring to the reports of secret prisons and C.I.A. flights in Europe, "how is it possible that the governments and the parliaments, which these services must answer to, weren't informed?"

The New York Times

December 7, 2005

German Held in Afghan Jail Files Lawsuit

By SCOTT SHANE

WASHINGTON, Dec. 6 - A German citizen who says he was abducted in 2003, beaten and taken to Afghanistan by American agents in what was apparently a case of mistaken identity filed a lawsuit in federal court on Tuesday against George J. Tenet, the former C.I.A. director, and three companies suspected of being involved in secret C.I.A. flights.

The plaintiff, Khaled el-Masri, 42, a German of Lebanese descent, was refused entry to the United States after arriving Saturday in Atlanta on a flight from Germany to appear at the news conference Tuesday in Washington where the lawsuit was announced. Instead, Mr. Masri addressed the conference from Germany by video link, describing how he was seized on the Serbian-Macedonian border, kicked and hit, photographed nude and injected with drugs during five months in detention in Macedonia and in Afghanistan.

"I want to know why they did this to me," said Mr. Masri, whose German was translated into English by an

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interpreter. Now living with his wife and children in Germany, Mr. Masri, who has worked as a car salesman and carpenter but is currently unemployed, said he had not fully recovered from the trauma of his experience.

"I don't think I'm the human being I used to be," he said.

In an interview on Tuesday in Germany, Mr. Masri said his weekend encounter with immigration officers in Atlanta made him briefly fear that his ordeal in 2003 and 2004 might be repeated.

"My heart was beating very fast," he said. "I have remembered that time, what has happened to me, when they kidnapped me to Afghanistan. I have remembered and was afraid."

A spokeswoman for United States Customs and Border Protection, Kristi Clemens, confirmed that Mr. Masri was denied entry. She said he was turned away based on information received from other American agencies, but she declined to describe the information or to say whether Mr. Masri's name had again been confused with that of a wanted operative of Al Qaeda, the reason officials have given for his mistaken detention in 2003.

The lawsuit was filed in Federal District Court in Alexandria, Va., by lawyers for the American Civil Liberties Union.

Since it was first reported in January by The New York Times, the Masri case has often been cited as an example of tough American counterterrorism policies gone awry.

Mr. Masri's lawyers allege in the lawsuit that Mr. Tenet learned of the mistake but left Mr. Masri in detention for two more months before having him set free at night on a hillside in Albania in May 2004.

The lawyers argue that even though he is not an American citizen, the treatment of Mr. Masri violated his right to due process under the Fifth Amendment as well as the Geneva Conventions and other bans on torture. He is suing under the Alien Tort Statute, adopted in 1789, which permits noncitizens to sue in the United States for violations of international norms. The suit seeks unspecified monetary damages "in an amount over \$75,000."

His lawsuit is the latest development in a legal assault by human rights groups on the Central Intelligence Agency's clandestine operations to detain, transport and interrogate suspected terrorists since the attacks of Sept. 11, 2001.

The lawsuit appears to be the first to single out a web of companies that operate a fleet of aircraft believed to be used by the C.I.A. The companies identified in the suit were Aero Contractors, a Smithfield, N.C., company that provides crews and maintenance; Premier Executive Transport Services of Dedham, Mass., which in 2003 owned the Boeing business jet that the lawsuit says was used to take Mr. Masri from Macedonia to Afghanistan; and Keeler and Tate Management L.L.C., of Reno, Nev., which owns the jet now.

The lawsuit could force the C.I.A. to acknowledge its secret relationship with the companies, said Anthony D. Romero, executive director of the A.C.L.U. He said the A.C.L.U. took the case to penetrate what he called the "culture of impunity" in the Bush administration for human rights violations and to force the C.I.A. to abandon practices in conflict with American values.

A spokesman for Mr. Tenet, who served as C.I.A. director from 1997 to 2004, said he had no comment, as did a spokesman for the C.I.A.

Robert W. Blowers, an executive at Aero Contractors, said, "I don't have anything to say about it." Attempts to reach representatives of the other two air companies were unsuccessful.

Michael Greenberger, a law professor at the University of Maryland who teaches a course on the law of counterterrorism, said Mr. Masri's lawyers faced "a steep uphill climb" in making their case in the Eastern District of Virginia and the conservative United States Court of Appeals for the Fourth Circuit in Richmond, Va. But Mr. Greenberger said the Supreme Court, in a ruling last year, suggested the Alien Tort Statute might

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apply to claims of torture.

Souad Mekhennet contributed reporting from Germany for this article.

The New York Times

December 7, 2005

Editorial

Secretary Rice's Rendition

It was a sad enough measure of how badly the Bush administration has damaged its moral standing that the secretary of state had to deny that the president condones torture before she could visit some of the most reliable American allies in Europe. It was even worse that she had a hard time sounding credible when she did it.

Of course, it would have helped if Condoleezza Rice was actually in a position to convince the world that the United States has not, does not and will not torture prisoners. But there's just too much evidence that this has happened at the hands of American interrogators or their proxies in other countries. Vice President Dick Cheney is still lobbying to legalize torture at the C.I.A.'s secret prisons, and to block a law that would reimpose on military prisons the decades-old standard of decent treatment that Mr. Bush scrapped after 9/11.

Pesky facts keep getting in the way of Ms. Rice's message. Yesterday, the new German chancellor, Angela Merkel, said that Ms. Rice had acknowledged privately that the United States should not have abducted a German citizen, Khaled el-Masri, who says he was sent to Afghanistan and mistreated for five months before the Americans realized that they had the wrong man and let him go.

Mr. Masri tried to appear at a press conference in Washington yesterday to discuss a lawsuit filed in Virginia on his behalf by the American Civil Liberties Union, a suit alleging wrongful imprisonment and torture - but the United States government has refused to allow him into the country.

At issue is the practice of extraordinary rendition. When a government captures someone really dangerous, like a terrorist leader, who cannot be charged under that government's own laws, it sends him to another country where authorities are willing to charge the suspect or at least can get away with locking him up indefinitely without charges.

It's been going on for decades, infrequently and selectively, but the United States is reported to have stepped it up since 9/11 and violated international law by sending suspects to places where it knows they will be tortured. Recently, European governments expressed outrage at reports that some detainees were held at secret C.I.A. prisons in Europe.

Ms. Rice, like other American officials, will not comment on these reports. But before leaving Washington on Monday, she read a statement implying that if there were any secret prisons out there, the host countries knew about them. She rather bluntly warned that European countries who want American intelligence had better not betray any secrets.

Certainly, some of Europe's shock at the news of the C.I.A. camps is political theater aimed at the widely anti-American European public. But that doesn't make it any less disturbing that the United States government seems to have lost its ability to distinguish between acts that may occur sub rosa in some exceptional, critical situations and the basic rules of proper international behavior.

Ms. Rice said Monday that rendition had been used to lock up some really dangerous bad guys, like Carlos the Jackal and Ramzi Yousef, who masterminded the 1993 World Trade Center bombing. But both men were

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charged in courts, put on trial, convicted and sentenced. That's what most American think when they hear talk about "bringing the terrorists to justice" - not predawn abductions, blindfolded prisoners on plane rides and years of torture in distant lands without any public reckoning.

'Abduction' case tarnishes Rice's efforts to repair ties with Berlin

Published: December 6 2005 23:29

Financial Times

By Bertrand Benoit and Hugh Williamson in Berlin

Attempts to repair strained relations between the US and Germany backfired on Tuesday after Angela Merkel, Germany's new chancellor, said Condoleezza Rice, the US secretary of state, had admitted that in the case of a German citizen who says he was abducted and detained for several months two years ago the US had made "a mistake", a claim swiftly denied by US officials.

"We talked about the case, which the US government has accepted as a mistake," Ms Merkel said after meeting Ms Rice in Berlin. "I am very glad that the secretary of state has repeated again here that when mistakes happen they must of course be corrected immediately."

Ms Rice gave a more circumspect account of the meeting. "As I told the chancellor, I cannot comment on specific aspects of our intelligence activities. . . I have also stressed that on the political area, mistakes sometimes happen," she said.

Lebanese-born Khaled el-Masri was allegedly abducted in Macedonia and detained in Afghanistan for five months.

A senior US official travelling with the secretary of state said the US government had informed Germany of Mr Masri's detention two years ago but did not say that it was a mistake. "We are not quite sure what was in her head," he said, referring to Ms Merkel.

The Masri affair has undermined efforts by Ms Merkel to repair relations with Washington, damaged by German opposition to the Iraq war, by agreeing on a forward-looking co-operation agenda. Controversy over the activities of the US Central Intelligence Agency in Europe has also turned into a serious domestic political problem for the new German government, as the extent of its own participation, or its acquiescence, in such activities has come under the spotlight.

Berlin is under pressure to reveal how much, and for how long, it had known about allegations the CIA ferried terrorist suspects through Germany on their way to being questioned in secret prisons operated by the agency in third countries:

Frank-Walter Steinmeier, the foreign minister, is to face questioning by a closed-door parliamentary committee. He was chief-of-staff to the former chancellor Gerhard Schröder at the time of Mr Masri's alleged abduction two years ago. Mr Masri is living in Germany.

Press reports in Germany and the US this week claimed the German interior ministry had known about the alleged abduction as early as May 2004 and that the chancellery had been informed a month later.

Should that be the case, Mr Steinmeier, who at the time was holding weekly briefings in the chancellery with the heads of German intelligence services, will face questions on why he did not inform the Munich state prosecutor who had been investigating the case.

Gernot Erler, the deputy foreign minister and a senior ally of Mr Steinmeier in the Social Democratic party, said the government faced an "unexpected challenge" from the Masri case. The German public sees the need for an explanation for "any activities concerning Germany that reportedly take place without the knowledge of German authorities", he said.

Wolfgang Bosbach, the deputy head of the parliamentary group of Ms Merkel's Christian Democrats, said Otto Schily, the former interior minister, and Mr Steinmeier "must give full details of what they knew and when they knew it".

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Sebastian Edathy, the SPD chairman of the parliament's interior committee, said the "seriousness of the allegations regarding a German citizen" meant the findings of the parliamentary committee questioning Mr Steinmeier should be made public. It was unclear last night when the committee would meet.

Rice and Merkel discuss CIA row

12/6/2005

British Broadcasting Corporation

US Secretary of State Condoleezza Rice has met German Chancellor Angela Merkel for talks dominated by reports that CIA planes flew terror suspects via Europe.

Mrs Merkel told a joint news conference that democratic rules should be adhered to, but added that intelligence services must be able to do their job.

Ms Rice reiterated that the US does not carry out or condone torture.

The CIA flights and reports that the US spy agency ran secret prisons in Europe is set to dominate Ms Rice's tour.

Her next stop, Romania, is one of the countries that human rights activists believe housed a CIA secret prison - a charge the Romanian government denies.

Ms Rice has refused to address claims of secret prisons where suspects are said to have been interrogated without reference to international law.

In Berlin, Ms Rice and Mrs Merkel sought to dampen down the discussion about alleged CIA practices, the BBC's Ray Furlong reports.

Mrs Merkel said Ms Rice had given "important" reassurances that the US would use "every lawful means" to protect citizens from the threat of international terrorism.

Ms Rice said the US respected the sovereignty of its partners, adding that the US had an obligation to defend its people and would use every lawful means to do so.

"We will live up, in the United States, to our commitments under our laws; and to our international obligations," she said.

'Form of kidnapping'

The new German chancellor came to power pledging to improve links with Washington and emphasising the importance of the war on terror.

Ms Rice's trip, which will also take in Kiev and Brussels, follows claims from Germany that it has a list of more than 400 CIA flights and landings on its territory.

Before she left the US, Ms Rice admitted that terror suspects were flown abroad for interrogation but denied they were tortured.

She said suspects were moved by plane under a process known as rendition, and that this was "a lawful weapon".

A leading US-based human rights group accused Ms Rice of seeking to "mischaracterise" the true nature of rendition.

"Secretary Rice made extra-legal rendition sound like just another form of extradition," said Tom Malinowski, a Human Rights Watch official in Washington.

"In fact, it's a form of kidnapping and 'disappearing' someone entirely outside the law."

New revelations

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The controversy surrounding claims of covert CIA operations on foreign soil has been swirling for weeks.

In Germany, it has been alleged that some German officials knew about the secret flights.

According to media reports, former German Interior Minister Otto Schily was informed last year by the US about a German citizen seized in Macedonia and then flown to a prison in Afghanistan, where he was kept for five months.

Mr Schily has not commented and the ministry says it is investigating.

Meanwhile, ABC News claims the CIA moved 11 top al-Qaeda suspects from prisons in eastern Europe to a new facility in North Africa last month.

Current and former CIA members reportedly told the US channel the move was carried out hurriedly ahead of Ms Rice's visit to Europe.

Rice, Merkel Discuss Anti-Terrorism Tactics

12/6/2005

Cable News Network

David Gollust

German Chancellor Angela Merkel, left, welcomes U.S. Secretary of State Condoleezza Rice during their meeting in Berlin

Secretary of State Condoleezza Rice and German Chancellor Angela Merkel said German-American counter-terrorism cooperation will continue, despite the controversy over alleged secret U.S. detention sites in Europe. Ms. Merkel said the United States has admitted it erroneously detained a German citizen suspected of terrorist links.

Ms. Rice preceded her departure for Europe with a public statement reiterating that the United States does not condone torture and conducts its anti-terrorism efforts within American laws and international obligations.

The issue dominated discussions here with the new German chancellor. And, although Ms. Merkel said, while the U.S. declaration may not end the public controversy in Europe, it does provide a good base for continued anti-terrorism cooperation between the two countries' intelligence services.

At a joint news conference with Ms. Rice, Chancellor Merkel said she was grateful for the U.S. clarifications.

"I am very grateful to the American secretary of state that she's reiterated that America stands by its international commitments, that it stands by its rejection of torture, and that it adheres to the laws of the United States of America," she said. "In the meeting we had, I myself made it quite clear that I, as the chancellor of the Federal Republic of Germany, work under and adhere to German laws and the international commitments that my country has entered into. And, I believe that it is a good basis on which we build."

In addition to the general discussion on anti-terrorist tactics, the talks here also focused on the specific case of a Lebanese-born German citizen - Khaled el-Masri - who says he was abducted by American agents in Macedonia on suspicion of terrorist connections in 2003, and later tortured at an Afghan detention site before being released.

Chancellor Merkel said the Bush administration has admitted that Mr. el-Masri was erroneously taken and that Ms. Rice said that such a mistake, if it occurred, has to be rectified.

For her part, Ms. Rice said she could not comment on the el-Masri case because it may be the subject of U.S. litigation. Still, she conceded that mistakes in the anti-terrorist struggle can be made.

"I did say to the chancellor that, when and if mistakes are made, we work very hard and as quickly as possible to rectify them," she said. "Any policy will sometimes have mistakes and it is our promise to our partners that should that be the case, we'll do everything that we can to rectify those mistakes. I believe that this will be handled in the proper course here

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in Germany, and if necessary in American courts as well."

Secretary Rice says she assured Ms. Merkel the United States will do everything its power to gain the release of a German aid worker taken hostage in Iraq, late last month. They also discussed Afghanistan and European nuclear contacts with Iran, in preparation for Ms. Merkel's first visit to Washington as chancellor next month.

Rice Says U.S. Will Fix Mistakes In War on Terror **December 7, 2005**

Wall Street Journal

BERLIN - Secretary of State Condoleezza Rice said Washington would work to rectify any mistakes it has made in its war on terrorism, but she didn't address specific questions of whether the U.S. has kept terrorist suspects in secret prisons in Europe.

"When and if mistakes are made, we work very hard to try to correct them," Ms. Rice told German Chancellor Angela Merkel during a news conference marking the first stop on a four-nation European trip, during which the issue of U.S. transport of prisoners already has sparked tensions.

Ms. Merkel said she spoke with Ms. Rice about Khaled al-Masri, a Lebanon-born German national who says he was seized in Macedonia and taken to a U.S. prison in Afghanistan, tortured and interrogated over a period of five months, and then released. Ms. Merkel said "the government of the U.S. has, of course, accepted as a mistake" the Masri case.

But senior U.S. officials traveling with Ms. Rice said later that the U.S. had informed Germany about Mr. Masri's detention and release but didn't say that a mistake had been made. Mr. Masri is suing the Central Intelligence Agency for wrongful imprisonment.

Ms. Rice's trip to Germany, Romania, Ukraine and Belgium is meant to build on generally improved relations between Europe and the U.S. after strains over Iraq. The war remains widely unpopular in Europe, as does President Bush.

While in Germany, Ms. Rice defended the rendition program, which has faced bitter criticism in Europe, saying the U.S. has "saved American lives and we've saved European lives" with international intelligence efforts

Ms. Rice is encountering resistance. Dutch Foreign Minister Ben Bot dismissed her response to questions about the CIA's reported secret prisons as inadequate. "It doesn't give a satisfactory answer in regard to these detention centers," Mr. Bot said.

Ms. Merkel said her meeting with Ms. Rice - her highest-level meeting with a U.S. official since she became chancellor last month - signaled a "good start" for future German-U.S. relations.

She also welcomed Ms. Rice's pledge that U.S. officials in Iraq are providing all the assistance they can to help secure the release of a German aid worker kidnapped there on Nov. 26.

In Romania yesterday, Ms. Rice signed an agreement to open U.S. military bases there, one of them to be located at an airfield that advocacy group Human Rights Watch has identified as a site for a clandestine prison. Ms. Rice refused to address the claims, and Romania has denied the allegations.

Embassy Row

12/6/2005

Washington Times
James Morrison

Balkans stability?

The Balkans might be one of the most politically unstable regions in the world, but one Greek diplomat provided a measure of reliability as he tried to negotiate peace throughout southeast Europe for more than 10 years.

Alexandros P. Mallias, Greece's new ambassador in Washington, thinks stability in the Balkans is in the national security interests of the United States, which intervened militarily during the Clinton administration to end civil wars in Bosnia and in Kosovo.

"We need a spirit of cooperation to prevail throughout the Balkans," he told Embassy Row recently. "The Balkans is an ideal zone for a U.S.-European Union strategic partnership."

Mr. Mallias began his official duties in the Balkans in 1993 when he joined the team from the Greek Foreign Ministry that tried to find an acceptable name for one of Greece's northern neighbors.

Whether that northern neighbor is known as Macedonia or the Former Yugoslav Republic of Macedonia might sound like a silly dispute to outsiders. But Greeks have an ancient claim to the name Macedonia and have been demanding that its neighbors find a new title for their country.

Mr. Mallias said Greek negotiators thought they had proposed a reasonable compromise when they suggested the use of the name in the Macedonian language, Republika Makedonia-Skopje. (Skopje is the capital.)

"To our surprise, our friends in Skopje rejected it," the ambassador said. "They felt self-confident after the American recognition."

In November 2004, the Bush administration decided to recognize the country as the Republic of Macedonia.

Mr. Mallias said that one of his tasks in Washington is to get the United States to support NATO membership for Albania, Bosnia and Herzegovina, Croatia, and Serbia and Montenegro.

"Greece's goal is to have all of the region as members in NATO and the European Union," he said.

Mr. Mallias also reiterated Greece's support for Turkey's membership in the European Union, adding that the Muslim nation must meet the same qualifications as other EU candidates.

"We want Turkey to change, not Europe," he said. "It may be the biggest challenge in Turkey's history."

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Mr. Mallias has served under 11 Greek governments and 13 foreign ministers. He was the Greek representative in Macedonia in 1995 and ambassador to Albania in 1999.
Split from Serbia

The Greek ambassador might be hoping for stability in the Balkans, but the Bush administration is preparing for more disruption with its plans to appoint a former top diplomat to talks on the future of Serbia sponsored by the United Nations.

Frank Wisner, who served as ambassador to India and Egypt, is expected to be appointed to the talks that could decide whether the restive province of Kosovo gets independence. Serbia has offered a considerable amount of autonomy but rejects a division of the country.

Reuters news agency yesterday quoted diplomatic sources as saying that Mr. Wisner's appointment will be announced soon.

Using trade agreements to help bind the Balkans

12/6/2005

Financial Times

Eric Jansson in Belgrade and Kerin Hope in Athens

Recent moves have raised hopes that the Balkan region may one day join the European Union. Accession negotiations have been launched with Croatia, Serbia-Montenegro is in talks on a "stabilisation and association agreement" and Brussels decided this month to start talks with Bosnia.

But while praise flows thick and fast to presidents and prime ministers in Zagreb, Belgrade and Sarajevo for invigorating efforts to apprehend fugitives indicted for war crimes of the 1990s, efforts to build a regional market economy in the former Communist enclave have barely attracted notice.

The region's trade negotiators have undertaken a quiet but ambitious effort to bind the republics of the former Yugoslavia together with Romania, Bulgaria and Albania, thereby creating Europe's second-largest trading area, bridging the large territory between the Adriatic and Black seas.

Last month saw the establishment under EU tutelage of the South East Europe Energy Community, slashing regulations on cross-border electricity trading between Romania, Bulgaria, Croatia, Serbia-Montenegro, Bosnia, Macedonia, Albania and Kosovo. Officials from the Stability Pact, the international community's Brussels-based office for conflict-prevention in the Balkans, praised the electricity deal as a "highly ambitious" step. Although it will take time and at least \$15bn (€12.8bn, £8.7bn) of investment to create a genuine electricity market,

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officials compared it to the European Coal and Steel Community Treaty, which in 1951 planted the seeds for the EU.

Following the conclusion of more than two dozen bilateral trade agreements since 2002, western companies active in the region say the elimination of tariffs on most products has encouraged them to take more seriously small, poor Balkan markets such as Macedonia with only 2m people.

"The countries we have grouped together have a population of 55m, a sizeable market worth developing and investing in, provided we can treat the sub-region as one market," says Martina Kastler, chairman of Unilever South Central Europe, which co-ordinates the consumer goods manufacturer's business in seven Balkan countries from headquarters in Romania.

Since signing a raft of trade agreements, Bosnia has watched its exports grow 50 per cent annually, says Seadeta Cerić, the Sarajevo economist who signed the deals as Bosnia's chief trade negotiator.

With other cash-strapped Balkan countries benefiting from export growth, support is growing for a unified regional treaty to simplify trade. Imports have grown even faster thanks to remittances from southeast Europeans working in the EU, and an explosion in consumer lending by foreign-owned banks in the Balkans.

Such trading zeal counteracts the political fragmentation that became widely known as "Balkanisation" and followed the collapse of communism in 1989.

Further fragmentation is still possible, especially in Serbia, whose partner republic Montenegro and breakaway province Kosovo aim to declare independence next year. But EU officials argue that closer economic relations will create incentives to patch the region back together again politically.

However, some officials and traders still warn against exaggerating the progress on Balkan trade. A catalogue of non-tariff barriers governments have failed to eliminate include items as absurd as Serbia's practice of testing imported cosmetics for radiation levels.

Inadequate roads, rail networks and large numbers of bureaucratic border crossings, resulting from countries' small size, have also slowed the growth of trade within the region. For example, a Romanian truck driver hauling goods to Bosnia must obtain visas for both himself and his vehicle at Bosnia's consulate in a third country, Hungary.

New trade disputes also dog some Balkan capitals, with Ms Cerić accusing Bosnian political leaders of applying the new trade rules selectively. Officials in Sarajevo act "without any economic logic" in order to protect favoured domestic companies such as meat exporters, she says.

Mary O'Mahoney, trade expert at the Stability Pact, that helped negotiate the bilateral deals, says some of the "non-tariff barriers" will have to be left to an over-arching trade deal that is next on the region's menu.

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